

TEXAS ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

WEST OSO INDEPENDENT SCHOOL DISTRICT

BUDGET REVIEW

Identification of Budget Challenges & Opportunities



T | A | S | B | O

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EXECUTIVE SUMMARY

OBJECTIVES

The objective of this project is to provide assistance in identifying methods to right-size the district’s budget and provide advice on future staffing allocations.

PROJECT TEAM

The project team was led by Rebecca Estrada, RTSBA. Mrs. Estrada currently serves as the Chief Certification Officer at TASBO and previously worked in public education over 45 years. She retired as a Chief Financial Officer from Lackland ISD, San Antonio in 2021.

Other team members from the TASBO Center for School Finance included Dr. Amanda Brownson, Associate Executive Director of Policy & Research and Al McKenzie, Policy and Research Associate. They provided support in the areas of state funding, taxation and other financial data.

TASKS ACCOMPLISHED

After collecting data from the district’s central administration, selected departments, and campuses, the following tasks were accomplished by the team members to achieve the objectives of the project:

- Reviewed historical and current financial, student, and staff data;
- Studied relevant written material pertaining to the district, such as: the adopted budget, general ledger summary, district financial reports, and, staffing levels,
- Reviewed the budget development and monitoring processes;
- Reviewed the calculation of federal, state and local funding for budgetary purposes;
- Reviewed revenue forecasts, including projected student population;
- Reviewed the cash flow projections for fiscal year 2022-2023; and
- Reviewed other related information obtained as part of the project.

KEY COMMENDATIONS

- District staff were very open, positive, and helpful in collecting data and responding to questions.
- The district leadership team has been implementing proactive strategies to address budgetary challenges and opportunities since the onset of the TASBO project.
- The district earned a Superior Schools FIRST rating for 2021-2022 and 2020-2021.
- The district is seeking assistance in budgeting and staffing such as this TASBO Management project.

KEY OBSERVATIONS AND RECOMMENDATIONS

BUDGETARY CHALLENGES

There are several budgetary challenges for the current and potentially future fiscal years due to multiple converging historical and current financial, staffing and student enrollment trends.

The district is experiencing a decrease in student enrollment and student average daily attendance (ADA) rates that resulted in reduced state funding and substantial settle-up payments to the Texas Education Agency (TEA). The initial state funding is based on the district’s estimated ADA that is submitted every two years (even years). TEA uses the district’s estimated ADA to make payments during the school year. At the end of the school year, the district submits the “actual” ADA to TEA. Upon receipt of the actual ADA, the state adjusts the state funding and either pays the district the additional state funds earned or reduces the next fiscal year’s state funding as part of the settle-up process. The settle-up process is defined in the TEA [School Finance Topic: Settle Up Process](#).

Figure 1. District ADA and State Funding Settle Up

School Year	District ADA Projections	Actual ADA	Settle-Up
2018-2019	1886	1928	\$ 1,500,556
2019-2020	1935	1837	\$ (8,937)
2020-2021	1950	1729	\$ (952,980)
2021-2022	1928	1713	\$ (3,064,090)
2022-2023	1937	1716	\$ (1,569,530)
2023-2024	1686		
2024-2025	1648		
2022-2023 Average (Cycles 1 and 2) & Projected Settle-Up			
Note. FY 2022-2023 Budget Assumption was 1808 ADA			
District ADA Projections submitted Dec 2022			

The District ADA Projections for the next biennium are much more conservative than prior projections. While the lower projections may prevent continuing large negative settle-up of state funds, the district may experience cash flow challenges because it will receive much less state funding throughout the school year.

Comparison of District Revenues Compared to Expenditures

The district’s overall General Fund expenditures in the 2020-2021 fiscal year exceeded the available local, state and federal revenues resulting in a decrease in the fund balance as reflected in past Annual Financial Reports (AFR).

The 2020-2021 AFR reflects a total of \$20.3 million earned in revenues in the General Fund. However, a total of \$22.5 million was recorded in expenditures resulting in a deficit of \$2.1 million and a reduction in the district's fund balance by this amount. The beginning fund balance was \$4.7 million, and the ending fund balance was \$2.7 million.

During the prior fiscal year, the district realized a surplus of revenues over expenditures. The 2019-2020 AFR reflects a total of \$23.8 million earned in revenues in the General Fund and a total of \$22.3 million recorded in expenditures resulting in a surplus of \$1.4 million. The fund balance increased from \$2.9 million to \$4.7 million.

As of January 13, 2023, financial data for fiscal year 2021-2022 received from the district reflects a potential end of fiscal year deficit of \$2.2 million.

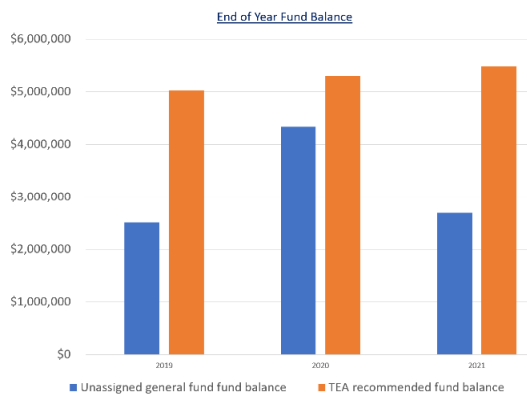
Note. The fiscal year 2021-2022 ending fund balance will not be known definitively until the Annual Financial Report is completed by the external audit firm.

The initial budget adopted for fiscal year 2022-2023 included a budget deficit of \$169,023.

Changes in Fund Balance

The overall reduction to the fund balance in fiscal year 2020-2021 also resulted in cash flow challenges during the past and current fiscal years to meet the district's monthly disbursement requirements.

Figure 2. Changes in Fund Balance



Staffing and Staff FTEs

Even though the student enrollment and ADA have decreased, the district has increased the number of staff full-time equivalents (FTEs) which resulted in a decrease in the student to staff ratios.

Figure 3. Staffing by Category over Four Years

	2019	2020	2021	2022
Teaching Staff	149.17	143.32	142.16	152.6
Support Staff	23.41	27.11	27.21	31.46
Administrative Staff	14.89	15	14	13.9
Educational Aides	28.55	23.32	27.16	33.72
Auxiliary Staff	101.65	98.09	99.34	97.73
Total Staff	317.67	306.84	309.87	329.41
Students	2087	2080	1977	1969
Student per Staff	6.57	6.78	6.38	5.98

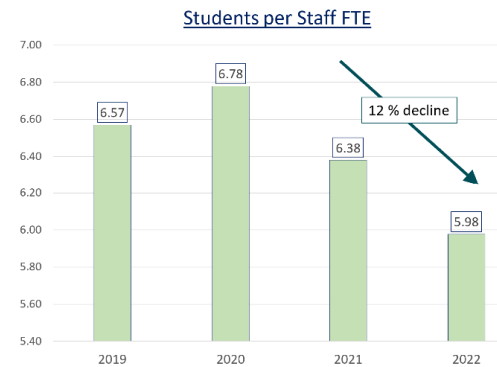
As noted above, the total staff increased over the past 4 years resulting in a decrease of the student per staff ratio. Almost all areas of staff increased with the except of administrative and auxiliary staff which had a slight decrease.

Both the teacher and educational aide staff increased by over 10 FTEs from 2020 to 2022. The potential excess in teacher FTEs is addressed in another section. The optimum number of educational aides should be determined by the academic programs that need the additional support for safety and/or academic support such as pre-kindergarten, physical education and/or special education classrooms.

The auxiliary staff is mainly comprised of operational staff such as custodial, maintenance, transportation, and other departments. Recommendations related to staffing levels for operational departments is covered in another section of this summary.

The overall student to staff ratio dropped in 2022 to 5.98.

Figure 4. Students per Staff FTE (Districtwide)



Campus-Level Staffing

A breakdown of the campus level staffing is depicted on the table below. The student to teacher ratio at the West Oso Elementary is near the state average of 14.6. The other campuses had a ratio lower than the state average in 2021-2022, with the lowest ratio at the High School of 12.4.

The number of educational aides also varies among the campuses. The largest number of educational aides were at West Oso Elementary. Educational aides are not common at the secondary level except to meet the needs of students with disabilities if required in their Individualized Education Program (IEP).

Professional Support staff typically consists of counselors, librarians, nurses and other campus professional staff.

Figure 5. Campus-Level Staff FTEs and Ratios

Position	2021-2022 Staff FTEs				Campus Total
	Elem	JFK Elem	JH	HS	
Total staff FTEs	45.0	59.5	50.7	62.1	217.3
Teachers	28.6	38.7	38.5	46.9	152.7
Professional Support	5.0	4.2	5.3	7.4	21.9
Campus Administration	2.0	2.0	2.0	3.0	9.0
Central Administration	0.0	0.0	0.0	0.0	0.0
Educational Aides	9.4	14.6	4.9	4.8	33.7
Auxiliary Staff	0.0	0.0	0.0	0.0	0.0
Teacher to Student Ratio	14.2	12.8	12.6	12.4	
Total Students	405	494	580	484	1963

Note. The state average Teacher to Student ratio is 14.6

Special Program Teachers

The number of teachers in a special program are higher in the Special Education program. In 2021-2022, the district served 222 students in the Special Program and a total of 22 teachers were identified as serving the students. The ratio of students to teachers is lowest at the Junior High at 5 students per teacher.

The percentage of students as a percentage of total enrollment at two campuses is higher than the state average of 11.6%. The campus with the highest percentage of students (West Oso Elementary) has 17.3% of the teachers assigned to Special Education and the campus with the second highest percentage of students (Junior High) has 31% of the teachers assigned to Special Education. Both of these percentages are considerably higher than the state average of 9.6%. The other two campuses have a percentage of students and teachers that is below the state average.

Figure 6. Special Education Program

Position	2021-2022				State Average
	Elem	JFK Elem	JH	HS	
Total Student in Special Education Program	55.0	46.0	59.0	62.0	
Percentage of Students (to Total)	13.6%	9.3%	12.2%	10.7%	11.6%
Total Teachers Serving Students in SE Program	4.9	2.7	11.9	3.1	
Percentage of Teachers (to Total)	17.3%	6.9%	31.0%	6.7%	9.6%
Teacher to Student Ratio	11.2	17.0	5.0	20.0	

Additional Special Education program instructional staff is not included in the table above. The district has contracted for special education instructional and non-instructional services over the past several years. The Contracted Instructional staff was not reported to TEA as required and are not reflected on the table above.

Teacher FTEs – Courses and Course Sections

There are some courses and/or course sections that are contributing to higher than required teacher FTEs and salary costs per student. The following challenges were identified in a review of campus master schedule reports:

- 167 out of 918 district-wide courses are identified as Local-credit courses (identified with a Service ID 8XXXXXXX). No required course credit is granted to students enrolled in these courses. There are numerous course sections throughout the campuses that are coded as a local-credit courses.
- At the High School, 16 course sections are identified as Special Assignment. There are no students assigned to the instructors during these course section times. At 7 periods per day, these course sections are the equivalent of 2.2 teacher FTEs.
- At the Junior High, 3 sections of high school courses were reported with 1 student each (HS teacher traveling to JH to teach a HS level course).
- A total of 12 course sections are identified as Travel Period. There are no students assigned to the instructors during these course section times. At 7 periods per day, these course sections are the equivalent of 1.7 FTEs.
- While the course sections noted above may be reasonable and necessary to the academic programs at the campuses, the total course sections that are not maximized are impacting the overall student to teacher ratios and the cost of serving the students.

- In addition, there are approximately 29 course sections at the High School and another 28 course sections at the Junior High that have low student enrollment (defined as 10 or less students per section). For example, it appears that one fulltime teacher serves a total of 8 students per day while a teacher serves a total of 214 students per day with most teachers serving around 100 students per day. As a result, at the district's average teacher salary of \$55,963, the cost per student ranges from \$6,995 for 8 students per day compared to \$261 for a teacher serving 214 students a day.

Staff Workdays Compared to Academic Year

The number of working days per school year for some employee groups appears to be higher than required for the scope of the position. Some campus level positions such as principals, counselors, facilitators, librarians, teachers, coaches, support staff are currently assigned work calendars that may exceed the minimum required number of work days per school year based on their respective roles and the shortened academic school year (168 student days in school year 2022-2023).

Staff Turnover

The district has also experienced a high staff turnover rate as indicated by the number of teachers with less than a year of experience (13.7%) and teachers with one to five years of experience (34.4%). The district's inability to provide a salary increase over the past two fiscal years may have contributed to the loss of staff.

Staffing in Operational Areas

Reductions in staff in the operational areas require a deeper dive into the type of operation, national staffing ratios/trends and the desired level of service in each operational area.

Child Nutrition Staff

The national standard to determine the level of staffing for food service operations is the meals per labor hour (MPLH) method. The student enrollment and the number of students eating breakfast, lunch or alternate meals in the school cafeteria impact the meals served and the meals served per labor hour. The MPLH is also impacted by the type of food operation such as scratch cooking versus heat and serve, satellite operations, and disposable versus reusable trays.

The industry standards are 14-18 MPLH which is determined by calculating the number of meals or meal equivalents divided by the number of planned productive labor hours.

The district should gather data related to the meals served from the prior year(s) National School Lunch Program (NSLP) meal claim reports filed with the Texas Department of Agriculture (TDA) on a monthly basis. In addition, the district should gather the labor hours for the prior year(s) to calculate the MPLH for every food operations site (campus). Lastly, the district should evaluate the resulting MPLH using the industry recommendations noted below keeping in mind any special circumstances of the district's food service operations.

- 14-18 MPLH – no staff adjustments may be necessary
- 18 MPLH or above – evaluate the staff (or type of operations as appropriate)
- 14 MPLH or below – evaluate and adjust as appropriate

Custodial Staff

The number of custodial staff needed to maintain district facilities is impacted by so many factors beyond the number of students and staff using the facilities. The factors identified by the APPA (formerly the Association of Physical Plant Administrators) include:

- The task to be performed, such as dusting furniture, mopping floors, or vacuuming carpets.
- The frequency with which the task is going to be performed, for instance, daily, alternate days, weekly, biweekly, or monthly.
- The time allocated to complete the work to be performed. No matter efficient the work performance is, the task takes time.
- The type(s) of space to be cleaned. There are significant differences between hallways, restrooms, classrooms and science laboratories.
- The level of appearance expected. APPA's five levels of appearance seek to define levels of clean.
- The types of equipment that are used. For instance, if a custodian mops a floor with a standard or microfiber mop, it will take significantly more time than if the area is cleaned with automated equipment such as an auto scrubber.
- The amount and cost of materials necessary to accomplish the task(s).
- The hourly cost of labor for time expended to complete the task(s).
- Variables such as climate and geographic

location, complexity of facilities, training programs, types of space and usage of that space, age of facility, and traffic density.

The district should gather data related to the students and staff served at each facility as well as data related to the APPA factors to determine the optimum custodial staff. Additional guidance related to custodial staffing is available at: [Custodial Services | Part 2 – Operations and Maintenance | APPA](#)

Maintenance and Grounds Staff

The number of maintenance and grounds staff needed to maintain district facilities is directly related to the number, size, age and condition of the facilities. Industry standards based on facility square footage and acreage maintained provide an opportunity to calculate the number of staff needed to maintain the facilities and grounds.

The work schedules also have an impact on the maintenance staff's ability to meet the peak and off-peak demands as well as routine (daily/weekly/monthly/annual) preventative tasks. Staggering of staff during early morning and late afternoon/evening may be advantageous to address maintenance tasks that must be completed during the academic year when students and staff are not present.

The district should gather data related to the district facilities such as type, age, use, and condition. Additional data related to work orders by trade (electrical, plumbing, heating/cooling, etc.) should be reviewed to determine if contracted services or maintenance staff would best meet the needs of the district.

Transportation Staff

There are many factors that impact the staff needed to support the student transportation department. First and foremost, are the miles driven per school year and the number of students transported on a daily basis. The state-mandated transportation reports (Transportation Route Services Report and Transportation Operations Report) contain valuable information such as miles driven, student riders, types of routes (regular, special and career technology), costs per mile, number and age of the bus fleet.

Secondly, the number of co-curricular and extra-curricular events supported with district buses and/or other vehicles also has a great impact not only the fleet size, budget to support the fleet and the number of staff needed to drive the buses or other vehicles.

Lastly, the number of district staff with the appropriate driver's license and certification (CDL with required endorsements and DPS certification) also has an impact on the staff needed to support the transportation department.

The district should gather data related to number of routes driven (single and/or double routes), miles driven per year, fleet size, and the district staff licensed/certified to drive a school bus. Furthermore, the district should consider paying for or reimbursing the costs to obtain the license/certification for non-transportation employees that could drive single routes or non-routes. Using non-transportation employees may provide an opportunity to reduce the overall number of transportation staff and the employee benefit costs (group health insurance, leave days, etc.).

Safety and Security Staff

The number of campuses and student enrollment have a direct impact on the need for peace officers and/or security guards. In addition, the number and severity of discipline incidents also have a direct impact on the need for a safety and security presence at each campus or district facility. Lastly, the number of large gatherings such as athletic events, school dances, carnivals, etc. have an impact on the district's need for contracted staff and/or district employees.

The district should gather data related to student discipline incidents and number of large gatherings over the past couple of years to ensure that the number of contracted and/or employed staff is supported by the data. The state-mandated [Safety & Threat Assessment](#) may provide additional insights related to district vulnerability to potential threats and crisis preparedness.

Technology Support Staff

Technology staff is determined by the number, age and type of devices that are supported by the staff. The age of the devices has a direct impact on the potential support and repair of the devices. Minimizing the type of technology supported by the staff creates efficiencies by ensuring that the staff is well trained and equipped to support both the equipment and supporting operating systems. A one-to-one student device program requires extensive technology support to maintain, update, distribute, collect and refresh the equipment and the operating system and applications.

The district should gather data related to the type(s) and age of technology equipment and operating systems (MAC, PCs, iPads, etc.), number of technology devices issued to staff and students, and the technology refresh program. The [Long Range Plan for Technology, 2018 to 2023](#) provides great information related to staffing, devices and professional development. The Plan states: *“Target goal of a 1-to-350 ratio of tech support staff to devices. Implement a help desk to standardize intake, track workload, and automate functions where appropriate.”*

RECOMMENDATIONS RELATED TO STAFFING

The district should identify and track the financial, staffing and student enrollment trends that are having a negative impact on the budget. In addition, strategies should be implemented to ensure that all stakeholders understand the source of the data, their role in managing the data and the overall need for data quality and transparency.

The district should consider creating PEIMS Data Quality Teams to ensure that data submissions (financial, student and staff data) to TEA that are used for state funding and accountability purposes are accurate.

The district should develop an action plan to identify and quantify the fiscal year 2022-2023 beginning fund balance and the current projected budget deficit. This data is vital to evaluate and implement budgetary changes to reduce staff, reduce costs, and increase revenue in a collaborative approach with stakeholders. The collaborative approach should also aid in providing adequate transparency to stakeholders about the state of the district's financial condition.

A review of district staff FTEs revealed that the district is overstaffed when compared to the current total student enrollment. There are opportunities to reduce payroll costs by considering implementation of the following strategies:

- Establish staffing guidelines to monitor the increase and/or decrease in staffing and adjust according to the changes in student enrollment and program needs.
- Determine the optimum student to staff ratio such as a 6.5:1 ratio. At the current ratio of 5.98, the district would decrease a total of 27 staff FTEs using the total 2021-2022 staff FTEs. **The optimum student to staff ratio selected by the district will determine the actual excess number of staff FTEs.**
- Reduce the number of contract/workdays per school year to minimize the number of work days beyond the academic year that are not legally required or essential to the job functions.
- Reduce the number of course sections that are non-instructional such as travel periods, special assignments, etc.
- Reduce the number of courses that are local-credit only and determine if a credit course should be offered in its place or plan to meet the student needs in an alternative classroom setting.
- Reduce the number of educational aides to the minimum required for high need areas such as pre-kindergarten, physical education, and special education.

- Consolidate course sections that have low enrollments and balance other course sections to provide a relatively average number of students per teacher.
- Identify the optimum minimum number of students for all course offerings and determine which course(s) will be offered even if the student enrollment is less than 10 such as AP, special education and dual-credit courses.
- Reduce the number of staff turnover to eliminate the high cost to hire and onboard the new staff by considering pay increases and/or implementation of the recent TASB Compensation Study.
- Reduce the overall number of staff FTEs to provide opportunities for implementation of the TASB Compensation Study recommendations.

Reductions in staff in the operational areas require a deeper dive into the type of operation, national staffing ratios/trends and the desired level of service in each operational area.

BUDGETARY OPPORTUNITIES

There are several budgetary opportunities including seeking alternative sources of funding, shifting general operating expenditures to alternate funding sources such as ESSER federal grant funds and maximizing state funds earned in part through student average daily attendance (ADA) and property taxation.

- West Oso gets around \$9,800 in additional FSP money for each additional student in ADA
- A 1% increase in attendance would add 18 students and increase funding by \$176,400
- A 2% increase in attendance could pay for the salaries of 5.8 teacher FTEs
- Shift general operating expenses to federal grants if the grant allows supplanting and/or the shifted expenditures meet the legislative intent of the federal grants. The district should consider shifting as much allowable expenditures from the general fund to the ESSER federal grants to reduce general fund expenditures and grow the fund balance in the general operating fund.

Figure 7. ESSER Grant Entitlements

ESSER Grant	Entitlement
ESSER I	\$ 589,799
ESSER II	\$ 2,434,582
ESSER III	\$ 3,645,150
Grand Total	\$ 6,669,531

The ESSER I grant was closed out as of September 30, 2022. The ESSER II and III grant balances should be evaluated for potential supplanting of general operating expenditures.

SUMMARY

Throughout the data gathering process, the district leadership has engaged in meaningful conversations about the overall budget planning process including the identification of budget assumptions such as student enrollment, average daily attendance and property taxation.

The district subscribed to TASBO's Center for School Finance, led by Dr. Amanda Brownson, Associate Executive Director of Policy and Research and consists of a team of subject-matter experts and practitioners. The Center's services include revenue projection services, Lunch and Learn training events, written updates and legislative impact models, two annual training events and access to subject-matter experts. These services will be extremely valuable to ensure that the district leadership has access to not only multi-year revenue projections but also one-to-one consultants.

The district should take full advantage of the services in an effort to improve the financial forecasting before, during and after the budget planning process. Additional information is available at: [Center for School Finance | TASBO](#).

The district leadership has been very receptive to implementing best practices in budgeting and financial management such as frequent and scheduled budget transparency reporting, monthly monitoring of revenues (including state funding and tax revenues) and expenditures, monitoring of student enrollment and average daily attendance on at least a six-week basis and most importantly, monitoring of staff FTEs.

Some of the shared best practices and resources that were provided to the district leadership include:

- Sample Budget Processing Timeline
- End-of-Month Fund Reconciliation template
- End-of-Month Checklist and Procedures
- Financial Management and End-of-Fiscal Year Financial Procedures
- Cash Flow template
- Master Schedule Processing Timeline
- Sample Request for Proposals (RFP) for Special Education Services
- Staff FTE Coding Template
- Sample Staffing Guidelines
- Attendance and PEIMS Processing Timelines
- Determination of Worker Status (Employee or Independent Contractor Checklist)

- Overview of best practices in budgeting for staff costs such as budgeting at the detailed account code level to include appropriate function, organization and program intent code (student population served)

Additional resources available from the Texas Association of School Boards (TASB) related to best practices in staffing are linked below:

- [Strategic Staffing: Part 1](#)
- [Strategic Staffing: Part 2 – Teachers](#)
- [Strategic Staffing: Part 3 – Auxiliary Staff](#)
- [Strategic Staffing: Part 4 – Special Education](#)
- [Strategic Staffing: Part 5 - Educational Aides and Campus Clerical](#)

During the course of this project, the district leadership has proactively implemented some of the recommended best practices. In addition, the district leadership has developed and implemented both a Cost Savings Plan and Financial Recovery Plan. Part of these plans is reduction of costs and the shifting of general operating expenditures to ESSER federal grant funds. This proactive approach will go a long way towards improving the short-term and long-term financial health of the district.